

OCEOLA TOWNSHIP

REPORT ON AUDIT OF
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2008

OCEOLA TOWNSHIP

TOWNSHIP OFFICIALS

Supervisor - William Bamber
Treasurer - Evelyn Cornell
Clerk - Kathleen McLean

BOARD OF TRUSTEES

William Bamber
Evelyn Cornell
Kathleen McLean
Sean Dunleavy
Robert Henshaw
Kieth Huff
Lance Schuhmacher

LEGAL COUNSEL

Neal Nielsen & Associates

TOWNSHIP AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

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October 20, 2008

Board of Trustees
Oceola Township
1577 North Latson
Howell, Michigan 48843

INDEPENDENT AUDITORS' REPORT

Honorable Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oceola Township as of and for the year ended June 30, 2008, which collectively comprise Oceola Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Oceola Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Oceola Township as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and other Required Supplementary Information on pages 9 through 13 and 36 and 37 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Oceola Township's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, such as the combining statements and individual fund statements, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

MANAGEMENT
DISCUSSION
AND
ANALYSIS

Management Discussion and Analysis June 30, 2008

Within this section of Oceola Township's annual financial report, the Township's management is providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended June 30, 2008. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Township's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. The Township also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Township's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Assets. This is the Township-wide statement of position presenting information that includes all the Township's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating. Evaluation of the overall health of the Township may extend to various non-financial factors as well.

The second government-wide statement is the Statement of Activities which reports how the Township's net assets changed during the current fiscal year. The design of this statement is to show the financial reliance of the Township's distinct activities or functions on the revenues generated by the Township.

Governmental activities include such activities as general government, public safety, and planning and zoning departments. Fiduciary activities such as tax collection are not included in the government-wide statements since these assets are not available to fund Township programs.

The Township's financial reporting includes all the funds of the Township (primary government) and, additionally, organizations for which the Township is accountable (component units). The Township had no component units for the year ended June 30, 2008.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Township's most significant funds rather than the Township as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the combining statements later in this report.

The Township has two kinds of funds:

Governmental funds are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net assets.

Fiduciary funds are reported in the fiduciary fund financial statements, but are excluded from the government-wide statements. Fiduciary fund financial statements report resources that are not available to fund Township activities.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial Analysis of the Township as a Whole

The Township's net assets at the end of the fiscal year were \$13,448,367. This is a \$925,523 increase over last year's net assets of \$12,522,844.

The following tables provide a summary of the Township's financial activities and changes in net assets:

Summary of Net Assets

	Governmental Activities	
	6/30/2008	6/30/2007
Current and other assets	\$ 25,401,564	26,095,447
Capital assets	3,499,152	3,399,019
Total assets	28,900,716	29,494,466
Other liabilities	1,421,565	1,578,772
Long-term liabilities	14,030,784	15,392,850
Total liabilities	15,452,349	16,971,622
Net assets:		
Invested in capital assets, net of related debt	3,449,152	3,399,019
Restricted	4,499,610	2,447,473
Unrestricted	5,499,605	6,676,352
Total net assets	\$ 13,448,367	\$ 12,522,844

Summary of Changes in Net Assets

	Governmental Activities	
	6/30/2008	6/30/2007
Revenues:		
Program revenues		
Charges for services	\$ 281,249	493,558
Operating contributions	448,000	
Capital grants and contributions		97,600
General revenues		
State shared revenues	576,407	562,043
Property taxes	840,580	789,871
Interest income	411,283	505,864
Interest on special assessments	728,727	793,887
Other revenues	107,088	156,318
	<u>3,393,334</u>	<u>3,399,141</u>
Total revenues		
Expenses		
General government	727,674	785,830
Public safety	5,065	5,065
Public works	895,212	857,073
Parks and recreation	101,921	100,835
Interest on long-term debt	737,939	776,713
	<u>2,467,811</u>	<u>2,525,516</u>
Total expenses		
Changes in net assets	925,523	873,625
Beginning net assets	<u>12,522,844</u>	<u>11,649,219</u>
Ending net assets	<u>\$ 13,448,367</u>	<u>\$ 12,522,844</u>

Financial Analysis of the Township's Funds

The Township has 5 major funds for the year ended June 30, 2008. These funds include:

- General Fund
- Eager/Latson Water Debt Service Fund
- M-59/Latson Water and Sewer Debt Service Fund
- Road Millage Fund
- Water New User Fund

The General Fund added \$423,385 to its fund balance during the year. This was mostly due to the Board's decision to build up reserves for potential contingencies related to water and sewer assessments.

The remaining major funds had significant activity in the year because of the construction and financing activities related to the water and sewer systems and road projects.

General Fund Budgetary Highlights

The Township adopted its budget before the beginning of the fiscal year. One immaterial amendment was made during the year to change its original budget closer to economic reality. Budget appropriations exceeded actual expenditures by \$244,550 for the year.

Capital Asset and Debt Administration

The Township also made various capital acquisitions and improvements totaling \$93,833 which consisted of the following:

Cemetery	\$ 6,700	Driveway relocation
Township Hall	13,414	Completion of hall construction
Emergency sirens	28,950	1.5 sirens (shared with Hartland Township)
Soccer fields	44,769	Excavation
	<u>\$ 93,833</u>	

The Township paid \$1,338,448 of principal and \$737,939 of interest to repay various contracts and bonds payable. Most debt is being repaid with special assessments levied on the respective road and utility districts.

Economic Conditions and Future Activities

The Township is currently recognizing a severe slow down in developer activity. There are several developments (subdivisions) which have come to a complete stop regarding new home sales. Management believes the economy for housing will be very slow for the next several years which could adversely effect assessment collections used for paying down debt. Management is currently studying the situation in an effort to be proactive. Revisions to the debt structure may need to be put in place.

Contacting the Township's Financial Management

This report is designed to provide a general overview of the Township's financial position and comply with finance-related regulations. If you have any further questions about this report or request additional information please contact Oceola Township at 1577 North Latson, Howell, Michigan, 48843.

BASIC
FINANCIAL STATEMENTS

GOVERNMENT - WIDE
FINANCIAL STATEMENTS

OCEOLA TOWNSHIP
STATEMENT OF NET ASSETS
JUNE 30, 2008

	<u>Primary Government</u>
	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 12,515,725
Cash and investments - restricted	377,684
Receivables	
State shared revenues	185,472
Accounts	467,482
Special assessments - restricted	11,905,201
Capital assets - net of depreciation	<u>3,449,152</u>
Total assets	<u>28,900,716</u>
LIABILITIES	
Accounts payable	55,188
Accrued liabilities	4,310
Bonds/contracts payable	
Current	1,362,067
Non-current	<u>14,030,784</u>
Total liabilities	<u>15,452,349</u>
NET ASSETS	
Invested in capital assets, net of related debt	3,449,152
Restricted for:	
Debt service	4,499,610
Unrestricted	<u>5,499,605</u>
Total net assets	<u><u>\$ 13,448,367</u></u>

The notes are an integral part of the financial statements.

OCEOLA TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Contributions	
GOVERNMENTAL ACTIVITIES				
General government	\$ (727,674)	\$ 192,991	\$	\$ (534,683)
Public safety	(5,065)			(5,065)
Parks and recreation	(101,921)			(101,921)
Public works	(895,212)	88,258	448,000	(358,954)
Interest/fees on long-term debt	(737,939)			(737,939)
Total governmental activities	<u>\$ (2,467,811)</u>	<u>\$ 281,249</u>	<u>\$ 448,000</u>	<u>(1,738,562)</u>
General revenues				
Property taxes				840,580
State shared revenues				576,407
Interest on cash and equivalents				411,283
Interest on special assessments				728,727
Cable franchise fees				73,432
Rental income				20,104
Other income				13,552
Total general revenues				<u>2,664,085</u>
Changes in net assets				925,523
Net assets, July 1, 2007				<u>12,522,844</u>
Net assets, June 30, 2008				\$ 13,448,367

The notes are an integral part of the financial statements.

FUND
FINANCIAL STATEMENTS

OCEOLA TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

<u>ASSETS</u>	<u>General Fund</u>	<u>Road Millage Fund</u>	<u>Eager/Latson Water Debt Service Fund</u>
ASSETS			
Cash and cash equivalents	\$ 2,418,632	\$ 1,181,524	\$ 211,223
Cash and cash equivalents - restricted	377,684		
Receivables			
Special assessments	44,589		2,544,900
State shared revenues	185,472		
Contracts - residents			
Accounts - other			
Due from other funds	<u>58</u>		
Total assets	<u><u>\$ 3,026,435</u></u>	<u><u>\$ 1,181,524</u></u>	<u><u>\$ 2,756,123</u></u>
 <u>LIABILITIES AND FUND BALANCE</u>			
LIABILITIES			
Accounts payable	\$ 20,065	\$ 15,531	\$
Accrued liabilities	4,310		
Due to other funds	2,181		
Deferred revenues			2,544,900
Total liabilities	<u>26,556</u>	<u>15,531</u>	<u>2,544,900</u>
FUND BALANCES			
Unreserved	2,999,879	1,165,993	
Designated for recreation/cemetery			
Reserved for debt service			211,223
Reserved for utility systems			
Total fund balances	<u>2,999,879</u>	<u>1,165,993</u>	<u>211,223</u>
Total liabilities and fund balances	<u><u>\$ 3,026,435</u></u>	<u><u>\$ 1,181,524</u></u>	<u><u>\$ 2,756,123</u></u>

The notes are an integral part of the financial statements.

<u>M-59/Latson Water and Sewer Debt Service Fund</u>	<u>Water New User Fund</u>	<u>Other Non-major Funds</u>	<u>Total</u>
\$ 794,568	\$ 2,236,182	\$ 5,673,596	\$ 12,515,725 377,684
6,875,400		2,440,312	11,905,201 185,472
	420,319	28,394	448,713
		18,769	18,769
	49,000		49,058
<u>\$ 7,669,968</u>	<u>\$ 2,705,501</u>	<u>\$ 8,161,071</u>	<u>\$ 25,500,622</u>
\$	\$ 1,250	\$ 16,190	\$ 53,036 4,310
	29	49,000	51,210
<u>6,875,400</u>	<u>420,319</u>	<u>2,468,706</u>	<u>12,309,325</u>
<u>6,875,400</u>	<u>421,598</u>	<u>2,533,896</u>	<u>12,417,881</u>
		442,889	4,608,761
		831,860	831,860
794,568		3,493,819	4,499,610
	2,283,903	858,607	3,142,510
<u>794,568</u>	<u>2,283,903</u>	<u>5,627,175</u>	<u>13,082,741</u>
<u>\$ 7,669,968</u>	<u>\$ 2,705,501</u>	<u>\$ 8,161,071</u>	<u>\$ 25,500,622</u>

OCEOLA TOWNSHIP
RECONCILIATION OF STATEMENT OF NET ASSETS OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET
JUNE 30, 2008

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balance per balance sheet		\$ 13,082,741
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Historical cost	\$ 3,758,420	
Depreciation	<u>(309,268)</u>	
Capital assets net of depreciation		3,449,152
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:		
Bonds/contracts payable		(15,392,851)
Deferred revenues on special assessments was recognized as revenue for the total assessment in the first year in the government-wide statements. Assessments are income as they are assessed each year in the fund statements.		<u>12,309,325</u>
Net assets of governmental activities		<u><u>\$ 13,448,367</u></u>

The notes are an integral part of the financial statements.

OCEOLA TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL
FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund	Road Millage Fund	Eager/Latson Water Debt Service Fund
REVENUES			
Taxes	\$ 346,036	\$ 494,544	\$
Special assessments - principal			155,145
Special assessments - interest			134,418
State shared revenues	576,407		
Licenses and permits	7,893		
Connection fees			
Rental income	2,570		
Franchise fees			
Charges for services	186,214		
Interest	101,387	46,204	2,240
Miscellaneous	11,409		
	<u>1,231,916</u>	<u>540,748</u>	<u>291,803</u>
Total revenues			
EXPENDITURES			
Current:			
General government	686,386		
Parks and recreation	100,769		
Public works	2,245	485,662	
Capital outlay			
General government			
Public safety	28,950		
Parks and recreation			
Public works			
Debt service			
Principal			150,000
Interest/fees			103,283
	<u>818,350</u>	<u>485,662</u>	<u>253,283</u>
Total expenditures			
Excess of revenues over (under) expenditures	<u>413,566</u>	<u>55,086</u>	<u>38,520</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	9,819		
Transfers (out)			
	<u>9,819</u>		
Total other financing sources (uses)			
Net changes in fund balance	423,385	55,086	38,520
FUND BALANCE, JULY 1, 2007	<u>2,576,494</u>	<u>1,110,907</u>	<u>172,703</u>
FUND BALANCE, JUNE 30, 2008	<u>\$ 2,999,879</u>	<u>\$ 1,165,993</u>	<u>\$ 211,223</u>

The notes are an integral part of the financial statements.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

<u>M-59/Latson Water and Sewer Debt Service Fund</u>	<u>Water New User Fund</u>	<u>Other Non-major Funds</u>	<u>Total</u>
\$	\$	\$	\$
509,100	66,729	521,814	840,580
406,168	29,238	158,900	1,252,788
			728,724
			576,407
			7,893
	231,000	217,000	448,000
		17,534	20,104
		73,432	73,432
	26,934	60,208	273,356
23,289	41,426	196,737	411,283
		2,143	13,552
<u>938,557</u>	<u>395,327</u>	<u>1,247,768</u>	<u>4,646,119</u>
		2,988	689,374
		1,152	101,921
	26,719	380,251	894,877
		13,414	13,414
			28,950
		44,769	44,769
		6,700	6,700
425,000		763,450	1,338,450
<u>282,925</u>		<u>351,729</u>	<u>737,937</u>
<u>707,925</u>	<u>26,719</u>	<u>1,564,453</u>	<u>3,856,392</u>
<u>230,632</u>	<u>368,608</u>	<u>(316,685)</u>	<u>789,727</u>
	1,288,976	2,274,248	3,573,043
<u>(143,664)</u>		<u>(3,429,379)</u>	<u>(3,573,043)</u>
<u>(143,664)</u>	<u>1,288,976</u>	<u>(1,155,131)</u>	
86,968	1,657,584	(1,471,816)	789,727
<u>707,600</u>	<u>626,319</u>	<u>7,098,991</u>	<u>12,293,014</u>
<u>\$ 794,568</u>	<u>\$ 2,283,903</u>	<u>\$ 5,627,175</u>	<u>\$ 13,082,741</u>

OCEOLA TOWNSHIP
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Amounts reported for governmental activities in the Statement
of Activities are different because:

Net change in fund balances - governmental funds	\$ 789,727
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Governmental funds report capital outlay as expenditures.
However, in the Statement of Activities the cost of those
assets are allocated over their useful lives as depreciation
expense. The amount by which capital outlays exceeded
depreciation is as follows:

Capital outlay	\$ 93,833	
Depreciation expense	<u>(43,700)</u>	
Total		50,133

Repayment of bond and contracts payable is an expenditure
in the governmental funds, but the repayment reduces long-term
liabilities in the Statement of Net Assets.

Repayment of Bonds/contracts payable	1,338,448
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Principal received on special assessments are income as they are
levied annually for governmental funds, but they are income
when they are levied for the Statement of Activities.

Principal collected on assessments	<u>(1,252,785)</u>
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Change in net assets of governmental activities	<u><u>\$ 925,523</u></u>
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The notes are an integral part of the financial statements.

OCEOLA TOWNSHIP
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2008

	<u>Trust and Agency Fund</u>	<u>Current Tax Fund</u>	<u>Total</u>
<u>ASSETS</u>			
ASSETS			
Cash and cash equivalents	\$ 77,442	\$ 327	\$ 77,769
Due from other funds	<u>2,181</u>	<u></u>	<u>2,181</u>
Total assets	<u>\$ 79,623</u>	<u>\$ 327</u>	<u>\$ 79,950</u>
<u>LIABILITIES</u>			
LIABILITIES			
Due to other funds	\$	\$ 29	\$ 29
Due to others	<u>79,623</u>	<u>298</u>	<u>79,921</u>
Total liabilities	<u>\$ 79,623</u>	<u>\$ 327</u>	<u>\$ 79,950</u>

The notes are an integral part of the financial statements.

NOTES
TO
FINANCIAL
STATEMENTS

OCEOLA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Oceola Township conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A. BASIC FINANCIAL STATEMENTS

In accordance with GASB Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report on the Township as a whole, excluding fiduciary activities. Governmental fund types are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Generally, the effect of interfund activity has been removed from the government-wide financial statements.

The government-wide Statement of Net Assets reports all financial and capital resources of the Township (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted, are shown as unrestricted. Generally, the Township would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The government-wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Township are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expense between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

Also, part of the basic financial statements are fund financial statements for the governmental funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures of fund category and of the governmental funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds are combined in a single column on the fund financial statements.

OCEOLA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Road Millage Fund accounts for the taxes levied for road improvements.

The Eager/Latson Water Debt Service Fund accounts for the special assessments levied and related debt associated with the utilities system constructed for the residents.

The M59/Latson Water and Sewer Debt Service Fund accounts for the special assessments levied and related debt associated with the utility systems constructed for these residents.

The Water New User Fund accounts for the connection fees associated with funding the Township's participation in the local water authority.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The governmental fund financial statements are prepared on a modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- A. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, licenses, fees and permits, intergovernmental revenues, charges for services and interest.
- B. Expenditures are recorded when the related fund liability is incurred. Principal and interest on long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
- C. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balances as a measure of available spendable resources.

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the Township's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

Fiduciary funds account for assets held by the Township in a trustee or agency capacity on behalf of others and, therefore, are not available to support Township programs. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support Township programs.

OCEOLA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. BUDGETARY DATA

The Township approves budgets for the general and special revenue funds. Amendments made during the fiscal year are reflected in the budget column of the appropriate financial statement. The budgets are prepared on a modified accrual basis.

For the year ended June 30, 2008, expenditures exceeded appropriations in two (2) functional activities in the General Fund.

D. PROPERTY TAXES

The Township property tax is levied each December 1 on the taxable valuation of property located in the Township as of the preceding December 31. Taxable values are established annually by the county and are equalized by the state. Real and personal property in the Township for the 2007 levy was assessed at an adjusted taxable value of \$497,762,677. Taxes are due and payable by February 28. Delinquent real property taxes are returned to the County Treasurer for collection.

The Township levies the following millage:

General Township operations	0.6939
Roads	<u>0.9932</u>
Total millage	<u><u>1.6871</u></u>

E. CAPITAL ASSETS

Under GASB Statement No. 34, all capital assets whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. No capital assets or depreciation are shown in the governmental funds' financial statements.

Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Land is considered a capital asset regardless of initial cost. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings, structures and improvements	10 to 50 years
Machinery and equipment	5 to 40 years

Any capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

F. MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

OCEOLA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 2 - DESCRIPTION OF REPORTING ENTITY

In accordance with Governmental Accounting Standards Board (GASB) statement number 39, all funds, agencies, and activities of Oceola Township as the primary government have been included in the financial statements.

NOTE 3 - INTERFUND BALANCES

All interfund balances are short-term in character. Interfund transfers will be collected during the next reporting period. These amounts are reported as current assets in the governmental balance sheets. The amounts of interfund receivables and payables and interfund transfers are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 58	\$ 2,181
Water New User Fund	49,000	29
Sewer New User Fund		49,000
Trust and Agency Fund	2,181	
Current Tax Fund		29
	<u>51,239</u>	<u>51,239</u>
Total	<u>\$ 51,239</u>	<u>\$ 51,239</u>

The following transfers were made during the year:

<u>Transfer in to</u>	<u>Transfer out from</u>	<u>Amounts</u>	<u>Purpose</u>
General Fund	Private Road Fund	\$ 9,819	Prior years interest
Cemetery Fund	Cemetery Perpetual Care Fund	2,416	Close out old cemetery fund
Sewer New User Fund	M-59/Latson Water and Sewer Fund	71,832	Excess assessments
Water New User Fund	M-59 Latson Water and Sewer Fund	71,832	Excess assessments
Water New User Fund	Eager/Latson Water Construction	1,217,144	Reimbursement of construction costs
G/O Sewer Expansion Debt Service Fund	Sewer New User Fund	<u>2,200,000</u>	Establish debt fund
		<u>\$ 3,573,043</u>	

OCEOLA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 4 - PENSION PLANS

The Township maintained a defined contribution plan under Group No. GM-11120-3 with John Hancock. Under this plan employees were required to withhold 7.5% pre-tax dollars which the Township matched dollar for dollar (Township's contribution was also 7.5% of compensation). Thus, a total of 15% was contributed to the plan for each participating employee.

Effective March 1, 2006 the Township Board approved to pull-out of the above plan and replace it with a defined benefit plan with MERS.

Under the grandfather laws, some employees decided to stay with the defined contribution plan with John Hancock. All other employees switched to MERS, therefore, transferring their balances with John Hancock to MERS.

For the year ending June 30, 2008 the following summarizes contributions attributable to each plan:

	<u>Total</u>	<u>John Hancock Defined Contribution Plan</u>	<u>(MERS) Defined Benefit Plan</u>
Payroll	\$ 333,566	\$ 59,563	\$ 274,003
Employee withholding	\$ 25,753	\$ 4,896	\$ 20,857
Township contribution	\$ 24,789	\$ 4,896	\$ 19,893

The total payroll for the Township was \$344,511 for the year ending June 30, 2008.

The Township also offers all employees a deferred compensation plan with the ING Group. Participating employees may elect to contribute up to the Internal Revenue Service limit of compensation on a pre-tax basis. The Township does not match employee contributions made into this plan.

The following is more information related to the defined benefit plan with MERS:

Michigan Municipal Employees Retirement System (MERS) which is an agent multiple-employer, state-wide, defined benefit public employee retirement plan created under Public Act 135 of 1945 and now operates under Public Act 220 of 1996. MERS was established by the State of Michigan for purposes of providing retirement, survivor and disability benefits on a voluntary basis to the State's local government employees. Under Public Act 220, MERS became an independent public non-profit corporation independent from State government. The effective date of independence was August 15, 1996, at which time MERS ceased to be a part of the State of Michigan, Department of Management and Budget. The Township has no fiduciary responsibility for the plan. All officials and employees averaging 20 hours per week are eligible to participate in the plan immediately upon employment.

OCEOLA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 4 - PENSION PLANS (continued)

As of December 31, 2007, the Township had fourteen covered employees and eighteen total eligible employees. Covered payroll for the year then ended was \$276,525.

The Township is covered under benefit program (C-NEW). The plan provides for vesting of benefits after eleven years of service.

Employees must contribute 7.5% of his or her respective salary/wage.

The following information, which is the most current available, was obtained from the Township's actuarial consultants, the Gabriel/Roeder Smith & Company. The amount disclosed as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to (a) help users assess the plan's funding status on a going-concern basis, (b) assess progress being made in accumulating sufficient assets to pay benefits when due, and (c) allow for comparisons among public employee retirement plans. The measure is independent of the actuarial funding method used to determine contributions to the plan.

The pension benefit obligation was determined as part of an actuarial valuation of the plan as of December 31, 1997. Significant actuarial assumptions used in determining the pension benefit obligation include (a) a rate of return on the investment of present and future assets of 8.0% per year compounded annually, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 4.5% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 4.5% per year (annually) after retirement.

At December 31, 2007, the unfunded actuarial accrued liability was \$ 105,096, determined as follows:

Pension benefit obligation	
Retirees and beneficiaries currently receiving benefits	\$ 0
Terminated employees not yet receiving benefits	0
Non-vested terminated employees (pending refunds of accumulated member contributions)	3,224
Current employees	
Accumulated employee contribution, including allocated investment income	279,213
Employer financed	<u>170,543</u>
Total actuarial accrued liability	452,980
Net assets available for benefits at actuarial value	<u>347,884</u>
Unfunded actuarial accrued liability	<u><u>\$ 105,096</u></u>

OCEOLA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 4 - PENSION PLANS (continued)

Analysis of Funding Progress

Valuation Date <u>December 31</u>	Net Assets Available for <u>Benefits (1)</u>	Pension Benefit Obligation <u>(PBO) (2)</u>	Percent Funded <u>(1)/(2)</u>	Unfunded (Overfunded) PBO <u>(2)-(1)</u>	Annual Covered Payroll	Unfunded PBO as a % of Covered Payroll
2006	\$ 261,920	\$ 375,051	70%	\$ 113,131	\$ 298,770	38%
2007	\$ 347,884	\$ 452,980	77%	\$ 105,096	\$ 276,525	38%

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

	Balance 7/1/2007	Additions	Deletions	Balance 6/30/2008
Land	\$ 2,090,001	\$	\$	\$ 2,090,001
Buildings and improvements	1,278,823	20,114		1,298,937
Machinery and equipment	109,279	28,950		138,229
Construction in progress	186,484	44,769		231,253
Total capital assets	3,664,587	93,833		3,758,420
Accumulated depreciation	(265,568)	(43,700)		(309,268)
Governmental activities capital assets, net	<u>\$ 3,399,019</u>	<u>\$ 50,133</u>	<u>\$</u>	<u>\$ 3,449,152</u>

Depreciation expense is being recorded in the government-wide statement of activities based upon the fund and activity utilizing the assets. The Township utilizes the straight line method to depreciate capital assets over their estimated useful lives. No debt is associated with these capital assets.

Depreciation expense was allocated to the following activities:

General government	\$ 38,300
Cemetery	335
Fire protection	5,065
Total	<u>\$ 43,700</u>

OCEOLA TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in long term debt for the year.

	Balance 7/1/2007	Additions	Deletions	Balance 6/30/2008	Due within one year
1. Loan payable to Livingston County, Sanitary Sewer Drain No. 1, Drainage District Refunding Bonds, Series 1998, principal payable in annual installments of \$78,644 starting May 1, 2001, interest is charged at 4.2% to 4.25%, payable semi-annually.	\$ 160,275	\$	\$ 78,644	\$ 81,631	\$ 81,631
2. Loan payable to Livingston County, dated June 27, 1991, to finance 36.75% of the construction costs of Genoa-Oceola Sanitary Sewer Drain Service Area #2, Payable in annual principal installments ranging from \$124,950 graduating to \$161,700 through 2011, plus interest at 2% per annum.	628,425		152,512	475,913	156,187
3. Loan payable to Livingston County, dated October 13, 1994, to finance construction costs of the Oceola Township Water Improvement Special Assessment District. Payable in annual principal installments ranging from \$80,000 graduating to \$160,000, plus interest in semi-annual installments through 2014 ranging from \$20,000 graduating to \$65,000 through 2014, plus interest in semi-annual installments from 7.25% decreasing to 6.5% per annum.	1,010,000		130,000	880,000	140,000
4. Loan payable to Livingston County, dated August 12, 1994, to finance construction costs of the Oceola Township Sanitary Sewer Drain - Service area #1A. Payable in annual principal installments ranging from \$20,000 graduating to \$65,000 through 2014, plus interest in semi-annual installments from 7.25% decreasing to 6.5% per annum.	345,000		40,000	305,000	40,000
5. Special assessment bonds payable, dated June 1, 1996, to finance construction costs of certain water service districts (Thompson Lake district). Payable in annual principal installments ranging from \$20,000 graduating to \$30,000 through 2015, plus interest in semi-annual installments from 7% decreasing to 6% per annum.	200,000		20,000	180,000	20,000
6. Loan payable to Livingston County, dated August 15, 1996, to finance 20.8% of the construction costs of a water treatment plant and other water system improvements. Payable in annual principal installments ranging from \$27,778 graduating to \$40,109 through 2016, plus interest in semi-annual installments ranging from 8.0% decreasing to 5.25% per annum.	354,166		39,352	314,814	39,352

7. Loan payable to Livingston County, dated August 15, 1996, to finance 25% of the construction costs of a water treatment plant. Payable in annual principal installments ranging from \$22,222 to \$53,472 through 2016 plus interest in semi-annual installments ranging from 5.2% increasing to 5.375% per annum.	431,250	40,972	390,278	40,972
8. Golf Club Special Assessment Bonds Payable, dated April 1, 1999, to finance construction costs of certain water service districts. Payable in annual principal installments of \$30,000 through 2019, interest is charged at 4.0% graduating to 5% in 2002. Interest payments are paid semi-annually.	360,000	30,000	330,000	30,000
9. Pineridge Special assessment Bonds Payable, dated November 14, 2001 to finance road construction. Payable in annual installments of \$50,000 to \$70,000 through May 1, 2016. Interest is charged at 4.25% graduating to 4.75% paid semi-annually.	600,000	65,000	535,000	65,000
10. Contract payable to Genoa-Oceola SWATH - Sewer plant expansion; contract with Genoa-Oceola SWATH, (paid from new user funds); principal is payable in annual installments of \$128,696 to \$320,000; interest at 4% to 4.8%; maturity date is June 1, 2021.	3,287,183	166,968	3,120,215	173,925
11. M-59/Latson Special Assessment Bonds Payable, dated October 22, 2002 to finance water and sewer construction. Payable in annual installments of \$425,000 through May 1, 2022. Interest is charged at 3.00% graduating to 5.00% paid semi-annually.	6,600,000	425,000	6,175,000	425,000
12. Eager/Latson Special Assessment Bonds Payable, dated February 1, 2006 to finance water system construction. Payable in annual installments of \$125,000 to \$155,000 through October 1, 2025. Interest is charged at 3.00% graduating to 4.30% paid semi-annually.	2,755,000	150,000	2,605,000	150,000
Total long-term debt	<u>\$ 16,731,299</u>	<u>\$</u>	<u>\$ 1,338,448</u>	<u>\$ 15,392,851</u>
			<u>\$ 1,362,067</u>	

OCEOLA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 6 - LONG-TERM DEBT (continued)

The annual principal requirements to amortize all debt outstanding as of June 30, 2008 are as follows:

2008	\$ 1,362,067
2009	1,302,710
2010	1,323,342
2011	1,194,577
2012	1,215,013
2013 - 2017	5,168,775
2018 - 2022	3,516,367
2023 - 2025	<u>310,000</u>
Total	<u>\$ 15,392,851</u>

NOTE 7 - DEPOSITS WITH FINANCIAL INSTITUTIONS

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit union, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal Agency obligation repurchase agreements; bankers; acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Township's deposits and investments are in accordance with statutory authority.

The Township's cash and investments are subject to types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$10,125,118 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Concentration of Credit Risk

The Township places no limit on the amount the Township may invest in any one issuer.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Bank investment pools	\$ 2,583,863	AAA/V1	Fitch

OCEOLA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 7 - DEPOSITS WITH FINANCIAL INSTITUTIONS (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may negatively affect the fair value of an investment. The Township's investment policy does not address this risk.

The Governmental Accounting Standards Board Statement No. 40 risk disclosures for the Township's deposits are as follows:

<u>Deposits</u>	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Total</u>	<u>Bank Balance</u>
Insured	\$ 300,000	\$	\$ 300,000	\$ 300,000
Uninsured and uncollateralized	10,009,548	77,769	10,087,317	10,125,118
Total deposits	<u>\$ 10,309,548</u>	<u>\$ 77,769</u>	<u>\$ 10,387,317</u>	<u>\$ 10,425,118</u>

The Township has a board approved investment policy.

NOTE 8 - CONTINGENT LIABILITIES

The Township is involved in some legal actions arising in the normal course of business as well as some potential legal actions related to zoning issues. In the opinion of management, the current legal actions should not have a material effect on the financial position of the Township.

REQUIRED
SUPPLEMENTARY
INFORMATION

OCEOLA TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budget			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Property taxes	\$	\$	\$ 346,036	\$
Tax administration fees			142,108	
Dog licenses			813	
Land use and other permits			7,080	
State shared revenues			576,407	
Board of appeals fees			400	
Site plan reviews			19,695	
Zoning fees			1,700	
Metro Act			7,348	
Copy/map charges			415	
Cemetery lot sales			1,116	
Reimbursements			11,163	
Interest			101,387	
Hall rental fees			2,570	
Trash day			2,269	
Other revenue			11,409	
Total revenues	1,061,400	1,061,400	1,231,916	170,516
EXPENDITURES	1,062,900	1,062,900	818,350	244,550
Excess of revenue over (under) expenditures	(1,500)	(1,500)	413,566	415,066
OTHER FINANCING SOURCES (USES)				
Transfer in	1,500	1,500	9,819	8,319
Net change in fund balance			423,385	423,385
FUND BALANCE, JULY 1, 2007	2,576,494	2,576,494	2,576,494	
FUND BALANCE, JUNE 30, 2008	\$ 2,576,494	\$ 2,576,494	\$ 2,999,879	\$ 423,385

OCEOLA TOWNSHIP
ROAD MILLAGE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budget			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Tax collections	\$	\$	\$ 494,544	\$
Interest			46,204	
Total revenues	500,000	500,000	540,748	40,748
EXPENDITURES				
Road maintenance			438,450	
Dust control			46,180	
Audit fees			250	
Miscellaneous			782	
Total expenditures	700,000	700,000	485,662	214,338
Net change in fund balance	(200,000)	(200,000)	55,086	255,086
FUND BALANCE, JULY 1, 2007	1,110,907	1,110,907	1,110,907	
FUND BALANCE, JUNE 30, 2008	\$ 910,907	\$ 910,907	\$ 1,165,993	\$ 255,086

SUPPLEMENTARY
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	Road Maintenance Fund	Road Millage Fund	Parks and Recreation Fund
<u>ASSETS</u>			
nts	\$ 91,538	\$ 1,181,524	\$ 794,305
	<u>\$ 91,538</u>	<u>\$ 1,181,524</u>	<u>\$ 794,305</u>

LIABILITIES			
Accounts payable	\$ 2,940	\$ 15,531	\$ 13,250
FUND BALANCE			
Designated			781,055
Undesignated	88,598	1,165,993	
Total fund balance	88,598	1,165,993	781,055
Total liabilities and fund balance	\$ 91,538	\$ 1,181,524	\$ 794,305

Cemetery Fund	Building Improvement Fund	Total
\$ 50,805	\$ 335,522 18,769	\$ 2,453,694 18,769
<u>\$ 50,805</u>	<u>\$ 354,291</u>	<u>\$ 2,472,463</u>

\$	\$	\$ 31,721
50,805	354,291	831,860 1,608,882
<u>50,805</u>	<u>354,291</u>	<u>2,440,742</u>
<u>\$ 50,805</u>	<u>\$ 354,291</u>	<u>\$ 2,472,463</u>

OCEOLA TOWNSHIP
ALL DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2008

	<u>Eager/Latson Water Debt Service Fund</u>	<u>Sewer Debt Service #1 Fund</u>	<u>Sewer Debt Service #2 Fund</u>	<u>Sewer Debt Service #1A Fund</u>	<u>Water Debt Service #1 Fund</u>
<u>ASSETS</u>					
ASSETS					
Cash and cash equivalents	\$ 211,223	\$ 57,790	\$ 177,022	\$ 239,297	\$ 631,089
Special assessment receivable	<u>2,544,900</u>	<u>66,338</u>	<u>331,274</u>	<u>165,350</u>	<u>938,958</u>
Total assets	<u>\$ 2,756,123</u>	<u>\$ 124,128</u>	<u>\$ 508,296</u>	<u>\$ 404,647</u>	<u>\$ 1,570,047</u>
 <u>LIABILITIES AND FUND BALANCE</u>					
LIABILITIES					
Deferred revenue	\$ 2,544,900	\$ 66,338	\$ 331,274	\$ 165,350	\$ 938,958
FUND BALANCE	<u>211,223</u>	<u>57,790</u>	<u>177,022</u>	<u>239,297</u>	<u>631,089</u>
Total liabilities and fund balance	<u>\$ 2,756,123</u>	<u>\$ 124,128</u>	<u>\$ 508,296</u>	<u>\$ 404,647</u>	<u>\$ 1,570,047</u>

<u>Thompson Lake Debt Service Fund</u>	<u>Oakcrest Debt Service Fund</u>	<u>Golf Club Debt Service Fund</u>	<u>Pineridge Road Debt Service Fund</u>	<u>M-59/Latson Water and Sewer Debt Service Fund</u>	<u>Genoa/Oceola Sewer Plant Expansion Debt Service Fund</u>	<u>Total</u>
\$ 147,627 <u>130,134</u>	\$ 75,150 <u></u>	\$ 81,728 <u>322,468</u>	\$ 83,570 <u>485,790</u>	\$ 794,568 <u>6,875,400</u>	\$ 2,000,546 <u></u>	\$ 4,499,610 <u>11,860,612</u>
<u>\$ 277,761</u>	<u>\$ 75,150</u>	<u>\$ 404,196</u>	<u>\$ 569,360</u>	<u>\$ 7,669,968</u>	<u>\$ 2,000,546</u>	<u>\$ 16,360,222</u>
\$ 130,134 <u>147,627</u>	\$ <u>75,150</u>	\$ 322,468 <u>81,728</u>	\$ 485,790 <u>83,570</u>	\$ 6,875,400 <u>794,568</u>	\$ <u>2,000,546</u>	\$ 11,860,612 <u>4,499,610</u>
<u>\$ 277,761</u>	<u>\$ 75,150</u>	<u>\$ 404,196</u>	<u>\$ 569,360</u>	<u>\$ 7,669,968</u>	<u>\$ 2,000,546</u>	<u>\$ 16,360,222</u>

OCEOLA TOWNSHIP
ALL CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2008

	Sewer New User Fund	Water New User Fund	M-59/Latson Water and Sewer Construction Fund	Total
<u>ASSETS</u>				
ASSETS				
Cash and cash equivalents	\$ 766,799	\$ 2,236,182	\$ 140,808	\$ 3,143,789
Accounts receivable - residents	28,394	420,319		448,713
Due from other funds		49,000		49,000
Total assets	<u>\$ 795,193</u>	<u>\$ 2,705,501</u>	<u>\$ 140,808</u>	<u>\$ 3,641,502</u>
<u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES				
Accounts payable	\$	\$ 1,250	\$	\$ 1,250
Due to other funds	49,000	29		49,029
Deferred revenue	28,394	420,319		448,713
Total liabilities	77,394	421,598		498,992
FUND BALANCE	<u>717,799</u>	<u>2,283,903</u>	<u>140,808</u>	<u>3,142,510</u>
Total liabilities and fund balance	<u>\$ 795,193</u>	<u>\$ 2,705,501</u>	<u>\$ 140,808</u>	<u>\$ 3,641,502</u>

OCEOLA TOWNSHIP
ALL FIDUCIARY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2008

	AGENCY FUNDS		Total
	Trust and Agency Fund	Current Tax Fund	
<u>ASSETS</u>			
ASSETS			
Cash and cash equivalents	\$ 77,442	\$ 327	\$ 77,769
Due from other funds	2,181		2,181
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 79,623</u>	<u>\$ 327</u>	<u>\$ 79,950</u>
<u>LIABILITIES</u>			
LIABILITIES			
Due to other funds	\$ 79,623	\$ 29	\$ 79,652
Due to others		298	298
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 79,623</u>	<u>\$ 327</u>	<u>\$ 79,950</u>

OCEOLA TOWNSHIP
ALL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008

	Road Maintenance Fund	Road Millage Fund	Parks and Recreation Fund
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Franchise and lease fees	\$	\$	\$ 1,220
Taxes		494,544	
Special assessments	60,208		
Interest	3,670	46,204	32,117
Miscellaneous			1,500
	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>63,878</u>	<u>540,748</u>	<u>34,837</u>
EXPENDITURES			
Maintenance and construction	74,137	485,279	45,771
Miscellaneous fees		383	150
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>74,137</u>	<u>485,662</u>	<u>45,921</u>
Excess of revenues over (under) expenditures	<u>(10,259)</u>	<u>55,086</u>	<u>(11,084)</u>
OTHER FINANCING SOURCES (USES)			
Transfer in			
Transfer (out)	<u>(9,819)</u>	<u> </u>	<u> </u>
Total other financing sources (uses)	<u>(9,819)</u>	<u> </u>	<u> </u>
Net changes in fund balances	(20,078)	55,086	(11,084)
FUND BALANCE, JULY 1, 2007	<u>108,676</u>	<u>1,110,907</u>	<u>792,139</u>
FUND BALANCE, JUNE 30, 2008	<u>\$ 88,598</u>	<u>\$ 1,165,993</u>	<u>\$ 781,055</u>

<u>Cemetery Fund</u>	<u>Building Improvement Fund</u>	<u>Cemetery Perpetual Care Fund</u>	<u>Total</u>
\$	\$ 73,432	\$	\$ 74,652
			494,544
			60,208
2,042	12,323	77	96,433
	468		1,968
<u>2,042</u>	<u>86,223</u>	<u>77</u>	<u>727,805</u>
7,350	16,202		628,739
	200		733
<u>7,350</u>	<u>16,402</u>		<u>629,472</u>
(5,308)	69,821	77	98,333
2,416			2,416
		(2,416)	(12,235)
<u>2,416</u>		<u>(2,416)</u>	<u>(9,819)</u>
(2,892)	69,821	(2,339)	88,514
53,697	284,470	2,339	2,352,228
<u>\$ 50,805</u>	<u>\$ 354,291</u>	<u>\$</u>	<u>\$ 2,440,742</u>

OCEOLA TOWNSHIP
ALL DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Eager/Latson Water Debt Service Fund</u>	<u>Sewer Debt Service #1 Fund</u>	<u>Sewer Debt Service #2 Fund</u>	<u>Sewer Debt Service #1A Fund</u>	<u>Water Debt Service #1 Fund</u>
REVENUES					
Special assessments - principal	\$ 155,145	\$ 58,152	\$ 113,205	\$ 31,266	\$ 180,474
Special assessments - interest	134,418	11,727	8,885	14,253	67,268
Interest	<u>2,240</u>	<u>2,620</u>	<u>7,552</u>	<u>9,532</u>	<u>25,104</u>
Total revenues	<u>291,803</u>	<u>72,499</u>	<u>129,642</u>	<u>55,051</u>	<u>272,846</u>
EXPENDITURES					
Debt service					
Principal	150,000	78,645	152,513	40,000	210,324
Interest	102,958	6,812	12,569	20,593	105,114
Miscellaneous	<u>325</u>	<u>159</u>	<u>100</u>	<u>500</u>	<u>656</u>
Total expenditures	<u>253,283</u>	<u>85,616</u>	<u>165,182</u>	<u>61,093</u>	<u>316,094</u>
Excess of revenues over (under) expenditures	<u>38,520</u>	<u>(13,117)</u>	<u>(35,540)</u>	<u>(6,042)</u>	<u>(43,248)</u>
OTHER FINANCING SOURCES (USES)					
Transfer in					
Transfer (out)	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total other financing sources (uses)	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net changes in fund balances	38,520	(13,117)	(35,540)	(6,042)	(43,248)
FUND BALANCE, JULY 1, 2007	<u>172,703</u>	<u>70,907</u>	<u>212,562</u>	<u>245,339</u>	<u>674,337</u>
FUND BALANCE, JUNE 30, 2008	<u>\$ 211,223</u>	<u>\$ 57,790</u>	<u>\$ 177,022</u>	<u>\$ 239,297</u>	<u>\$ 631,089</u>

Thompson Lake Debt Service Fund	Oakcrest Debt Service Fund	Golf Club Debt Service Fund	Pineridge Road Debt Service Fund	M-59/Latson Water and Sewer Debt Service Fund	Genoa/Oceola Sewer Plant Expansion Debt Service Fund	Total
\$ 20,636	\$	\$ 38,573	\$ 68,421	\$ 509,100	\$	\$ 1,174,972
9,006		18,088	27,739	406,168		697,552
5,787	3,070	2,503	2,820	23,289	40,593	125,110
35,429	3,070	59,164	98,980	938,557	40,593	1,997,634
20,000		30,000	65,000	425,000	166,968	1,338,450
11,773		18,000	26,795	282,550	73,079	660,243
100	175	375	375	375		3,140
31,873	175	48,375	92,170	707,925	240,047	2,001,833
3,556	2,895	10,789	6,810	230,632	(199,454)	(4,199)
				(143,664)	2,200,000	2,200,000
				(143,664)		(143,664)
				(143,664)	2,200,000	2,056,336
3,556	2,895	10,789	6,810	86,968	2,000,546	2,052,137
144,071	72,255	70,939	76,760	707,600		2,447,473
\$ 147,627	\$ 75,150	\$ 81,728	\$ 83,570	\$ 794,568	\$ 2,000,546	\$ 4,499,610

OCEOLA TOWNSHIP
ALL CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008

	Eager/Latson Water Construction	Sewer New User Fund	Water New User Fund
REVENUES			
Special assessments - principal	\$	\$ 11,087	\$ 66,729
Special assessments - interest		1,934	29,238
Connection fees		217,000	231,000
Rent		16,314	
Refunds and reimbursements			26,934
Interest	6,889	38,639	41,426
Total revenues	6,889	284,974	395,327
EXPENDITURES			
Debt service			
Interest		73,079	
Construction		105,700	24,594
Audit fees		1,475	2,125
Total expenditures		180,254	26,719
Excess of revenues over (under) expenditures	6,889	104,720	368,608
OTHER FINANCING SOURCES (USES)			
Transfer in		71,832	1,288,976
Transfer (out)	(1,217,144)	(2,200,000)	
Total other financing sources (uses)	(1,217,144)	(2,128,168)	1,288,976
Net changes in fund balances	(1,210,255)	(2,023,448)	1,657,584
FUND BALANCE, JULY 1, 2007	1,210,255	2,741,247	626,319
FUND BALANCE, JUNE 30, 2008	\$	\$ 717,799	\$ 2,283,903

M-59/Latson Water and Sewer Construction Fund	Total
\$	\$ 77,816
	31,172
	448,000
	16,314
	26,934
1,574	88,528
1,574	688,764
	73,079
199,264	329,558
500	4,100
199,764	406,737
(198,190)	282,027
	1,360,808
	(3,417,144)
	(2,056,336)
(198,190)	(1,774,309)
338,998	4,916,819
\$ 140,808	\$ 3,142,510

INDIVIDUAL
FUNDS

GENERAL
FUND

OCEOLA TOWNSHIP
GENERAL FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents	\$ 2,418,632	
Due from State of Michigan	185,472	
Due from other funds	58	

Total unrestricted assets		\$ 2,604,162
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RESTRICTED ASSETS

Cash and cash equivalents - John Doe	377,684	
Special assessments receivable	44,589	

Total restricted assets		422,273
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Total assets		\$ 3,026,435
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LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 20,065	
Accrued liabilities	4,310	
Due to other funds	2,181	

Total liabilities		\$ 26,556
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FUND BALANCE

Fund balance - reserved	422,273	
Fund balance - unreserved	2,577,606	

Total fund balance		2,999,879
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Total liabilities and fund balance		\$ 3,026,435
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OCEOLA TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Property taxes	\$	\$ 346,036	\$
Tax administration fees		142,108	
Dog licenses		813	
Land use and other permits		7,080	
State shared revenues		576,407	
Board of appeals fees		400	
Site plan reviews		19,695	
Zoning fees		1,700	
Metro Act		7,348	
Copy/map charges		415	
Cemetery lot sales		1,116	
Reimbursements		11,163	
Interest		101,387	
Hall rental fees		2,570	
Trash day		2,269	
Other revenue		11,409	
	<u>1,061,400</u>	<u>1,231,916</u>	<u>170,516</u>
Total revenues			
	1,061,400	1,231,916	170,516
EXPENDITURES	<u>1,062,900</u>	<u>818,350</u>	<u>244,550</u>
Excess of revenue over (under) expenditures	(1,500)	413,566	415,066
OTHER FINANCING SOURCES (USES)			
Transfer in	<u>1,500</u>	<u>9,819</u>	<u>8,319</u>
Net change in fund balance		423,385	423,385
FUND BALANCE, JULY 1, 2007	<u>2,576,494</u>	<u>2,576,494</u>	
FUND BALANCE, JUNE 30, 2008	<u>\$ 2,576,494</u>	<u>\$ 2,999,879</u>	<u>\$ 423,385</u>

OCEOLA TOWNSHIP
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
BOARD OF TRUSTEES			
Salaries	\$	\$ 23,568	\$
Fringe benefits		8,688	
Mileage		38	
	<u>39,748</u>	<u>32,294</u>	<u>7,454</u>
Total board of trustees			
SUPERVISOR			
Salary		35,674	
Fringe benefits		8,712	
Mileage		619	
	<u>45,674</u>	<u>45,005</u>	<u>669</u>
Total supervisor			
ELECTION			
Salaries		3,368	
Supplies		2,514	
Publishing		78	
Miscellaneous		496	
	<u>29,000</u>	<u>6,456</u>	<u>22,544</u>
Total election			
ASSESSOR			
Contract services		45,430	
Assessor - fringe		8,712	
Assistant assessor salary		8,871	
Tax roll		11,755	
	<u>85,700</u>	<u>74,768</u>	<u>10,932</u>
Total assessor			
CLERK			
Salary		35,674	
Fringe benefits		8,712	
Deputy salary		26,114	
Deputy fringe		4,356	
Recording secretary		9,907	
Recording secretary fringe		1,540	
Records coordinator wages		4,607	
Recording coordinator fringe		362	
	<u>108,404</u>	<u>91,272</u>	<u>17,132</u>
Total clerk			

OCEOLA TOWNSHIP
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
BOARD OF REVIEW			
Salaries		2,136	
Publishing		466	
Total board of review		2,602	(2,602)
TREASURER			
Salary		35,674	
Fringe benefits		8,712	
Deputy/assistant salaries		38,413	
Deputy assistant fringe		7,858	
Total treasurer	99,674	90,657	9,017
BUILDINGS AND GROUNDS			
Salary - maintenance		8,503	
Receptionist		15,789	
Receptionist fringe		726	
Supplies		1,445	
Telephone		3,751	
Electricity		6,111	
Heat		4,543	
Water		173	
Publishing		1,369	
Maintenance - hall		14,237	
Rubbish disposal		738	
Grounds maintenance		3,215	
Equipment maintenance		6,836	
Other		1,842	
Total building and grounds	61,650	69,278	(7,628)

OCEOLA TOWNSHIP
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
GENERAL (UNALLOCATED)			
Cemetery wages		4,319	
Payroll taxes		26,246	
Pension		24,862	
Insurance		24,398	
Supplies		11,470	
Attorney fees		13,751	
Audit fees		10,700	
Accounting fees		4,224	
Professional services		7,176	
Dues and subscriptions		6,489	
Administrative expense		8,503	
Printing and Publishing		597	
Education		9,830	
Cemetery maintenance		18,823	
Office machine maintenance		6,119	
County funding programs		2,968	
Mileage		2,683	
Miscellaneous		1,163	
Tax chargebacks		2,646	
Refunds		1,800	
Lease - vehicle		2,147	
Capital outlay		10,086	
	<u>228,150</u>	<u>201,000</u>	<u>27,150</u>
Total general (unallocated)			
PLANNING AND ZONING			
Planning and salaries		3,442	
P.U.D. commissions		355	
Planning consultants		26,814	
Planning printing and publishing		2,954	
Zoning salaries		11,300	
Fringe benefits		4,356	
Board of appeals salaries		870	
Board of appeals publishing		116	
	<u>76,500</u>	<u>50,207</u>	<u>26,293</u>
Total planning and zoning			

OCEOLA TOWNSHIP
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
PUBLIC WORKS			
Trash clean up		14,718	
Drains		36	
Street lights		3,886	
Water study		3,757	
Sirens		31,645	
Total public works	<u>187,400</u>	<u>54,042</u>	<u>133,358</u>
RECREATION			
Contract	<u>101,000</u>	<u>100,769</u>	<u>231</u>
Total expenditures	<u><u>\$ 1,062,900</u></u>	<u><u>\$ 818,350</u></u>	<u><u>\$ 244,550</u></u>

ROAD
MAINTENANCE
FUND

OCEOLA TOWNSHIP
ROAD MAINTENANCE FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents

\$ 91,538

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable

\$ 2,940

FUND BALANCE

88,598

Total liabilities and fund balance

\$ 91,538

OCEOLA TOWNSHIP
ROAD MAINTENANCE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Assessments - various roads	\$	\$ 60,208	\$
Interest		3,670	
Total revenues	65,000	63,878	(1,122)
EXPENDITURES			
Maintenance - various roads	65,000	74,137	(9,137)
Excess of revenue over (under) expenditures		(10,259)	(10,259)
OTHER FINANCING SOURCES (USES)			
Transfer (out)		(9,819)	(9,819)
Net change in fund balance		(20,078)	(20,078)
FUND BALANCE, JULY 1, 2007	108,676	108,676	
FUND BALANCE, JUNE 30, 2008	<u>\$ 108,676</u>	<u>\$ 88,598</u>	<u>\$ (20,078)</u>

ROAD
MILLAGE
FUND

OCEOLA TOWNSHIP
ROAD MILLAGE FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents

\$ 1,181,524

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable

\$ 15,531

FUND BALANCE

1,165,993

Total liabilities and fund balance

\$ 1,181,524

OCEOLA TOWNSHIP
ROAD MILLAGE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Tax collections	\$	\$ 494,544	\$
Interest		46,204	
	<u>500,000</u>	<u>540,748</u>	<u>40,748</u>
Total revenues			
EXPENDITURES			
Road maintenance		438,450	
Dust control		46,180	
Audit fees		250	
Miscellaneous		782	
	<u>700,000</u>	<u>485,662</u>	<u>214,338</u>
Total expenditures			
Net change in fund balance	(200,000)	55,086	255,086
FUND BALANCE, JULY 1, 2007	<u>1,110,907</u>	<u>1,110,907</u>	
FUND BALANCE, JUNE 30, 2008	<u><u>\$ 910,907</u></u>	<u><u>\$ 1,165,993</u></u>	<u><u>\$ 255,086</u></u>

PARKS AND RECREATION
FUND

OCEOLA TOWNSHIP
PARKS AND RECREATION FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and investments

\$ 794,305

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable

\$ 13,250

FUND BALANCE

781,055

Total liabilities and fund balance

\$ 794,305

OCEOLA TOWNSHIP
PARKS AND RECREATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Interest	\$	\$ 32,117	\$
Lease		1,220	
Miscellaneous		1,500	
		<u> </u>	<u> </u>
Total revenues	<u>50,000</u>	<u>34,837</u>	<u>(15,163)</u>
EXPENDITURES			
Maintenance/construction		45,771	
Audit fees		150	
		<u> </u>	<u> </u>
Total expenditures	<u>100,000</u>	<u>45,921</u>	<u>54,079</u>
Net change in fund balance	(50,000)	(11,084)	38,916
FUND BALANCE, JULY 1, 2007	<u>792,139</u>	<u>792,139</u>	<u> </u>
FUND BALANCE, JUNE 30, 2008	<u><u>\$ 742,139</u></u>	<u><u>\$ 781,055</u></u>	<u><u>\$ 38,916</u></u>

CEMETERY
FUND

OCEOLA TOWNSHIP
CEMETERY FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and investments

\$ 50,805

FUND BALANCE

FUND BALANCE

\$ 50,805

OCEOLA TOWNSHIP
CEMETERY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Interest	\$ 2,500	\$ 2,042	\$ (458)
EXPENDITURES			
Maintenance	<u>10,000</u>	<u>7,350</u>	<u>2,650</u>
Excess of revenues over (under) expenditures	(7,500)	(5,308)	2,192
OTHER FINANCING SOURCES (USES)			
Transfer in	<u> </u>	<u>2,416</u>	<u>2,416</u>
Net change in fund balance	(7,500)	(2,892)	4,608
FUND BALANCE, JULY 1, 2007	<u>53,697</u>	<u>53,697</u>	<u> </u>
FUND BALANCE, JUNE 30, 2008	<u><u>\$ 46,197</u></u>	<u><u>\$ 50,805</u></u>	<u><u>\$ 4,608</u></u>

BUILDING IMPROVEMENT
FUND

OCEOLA TOWNSHIP
BUILDING IMPROVEMENT FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents
Accounts receivable - other

\$ 335,522
18,769

Total assets

\$ 354,291

FUND BALANCE

FUND BALANCE

\$ 354,291

OCEOLA TOWNSHIP
BUILDING IMPROVEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Cable fees	\$	\$ 73,432	\$
Miscellaneous		468	
Interest		<u>12,323</u>	
Total revenues	<u>90,000</u>	<u>86,223</u>	<u>(3,777)</u>
EXPENDITURES			
Maintenance/construction		16,202	
Audit fees		<u>200</u>	
Total expenditures	<u>50,000</u>	<u>16,402</u>	<u>33,598</u>
Net change in fund balance	40,000	69,821	29,821
FUND BALANCE, JULY 1, 2007	<u>284,470</u>	<u>284,470</u>	
FUND BALANCE, JUNE 30, 2008	<u>\$ 324,470</u>	<u>\$ 354,291</u>	<u>\$ 29,821</u>

CEMETERY PERPETUAL
CARE
FUND

OCEOLA TOWNSHIP
CEMETERY PERPETUAL CARE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2008

REVENUES	
Interest income	\$ 77
EXPENDITURES	<u> </u>
Excess of revenue over (under) expenditures	77
OTHER FINANCING SOURCES (USES)	
Transfer out	<u>(2,416)</u>
Net change in fund balance	(2,339)
FUND BALANCE, JULY 1, 2007	<u>2,339</u>
FUND BALANCE, JUNE 30, 2008	<u><u>\$</u></u>

EAGER / LATSON WATER
DEBT SERVICE
FUND

OCEOLA TOWNSHIP
EAGER/LATSON WATER DEBT SERVICE FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents	\$ 211,223
Special assessment receivable	<u>2,544,900</u>
Total assets	<u><u>\$ 2,756,123</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred revenue	\$ 2,544,900
------------------	--------------

FUND BALANCE

	<u>211,223</u>
Total liabilities and fund balance	<u><u>\$ 2,756,123</u></u>

OCEOLA TOWNSHIP
EAGER/LATSON WATER DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Special assessment - principal	\$	\$ 155,145	\$
Special assessment - interest		134,418	
Interest		2,240	
	<u>285,000</u>	<u>291,803</u>	<u>6,803</u>
Total revenues			
EXPENDITURES			
Bond principal		150,000	
Bond interest		102,958	
Miscellaneous		325	
	<u>285,000</u>	<u>253,283</u>	<u>31,717</u>
Total expenditures			
Net change in fund balance		38,520	38,520
FUND BALANCE, JULY 1, 2007	<u>172,703</u>	<u>172,703</u>	
FUND BALANCE, JUNE 30, 2008	<u>\$ 172,703</u>	<u>\$ 211,223</u>	<u>\$ 38,520</u>

SEWER DEBT SERVICE
#1 FUND

OCEOLA TOWNSHIP
SEWER DEBT SERVICE #1 FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents	\$ 57,790
Special assessment receivable	<u>66,338</u>
Total assets	<u>\$ 124,128</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred revenue	\$ 66,338
------------------	-----------

FUND BALANCE

	<u>57,790</u>
Total liabilities and fund balance	<u>\$ 124,128</u>

OCEOLA TOWNSHIP
SEWER DEBT SERVICE #1 FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Special assessment - principal	\$	\$ 58,152	\$
Special assessment - interest		11,727	
Interest		2,620	
	<u>68,400</u>	<u>72,499</u>	<u>4,099</u>
Total revenues			
EXPENDITURES			
Debt service			
Principal		78,645	
Interest		6,812	
Agent fees		59	
Audit fees		100	
	<u>92,500</u>	<u>85,616</u>	<u>6,884</u>
Total expenditures			
Net change in fund balance	(24,100)	(13,117)	10,983
FUND BALANCE, JULY 1, 2007	<u>70,907</u>	<u>70,907</u>	
FUND BALANCE, JUNE 30, 2008	<u>\$ 46,807</u>	<u>\$ 57,790</u>	<u>\$ 10,983</u>

SEWER DEBT SERVICE
#2 FUND

OCEOLA TOWNSHIP
SEWER DEBT SERVICE #2 FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents	\$ 177,022
Special assessment receivable	<u>331,274</u>
Total assets	<u>\$ 508,296</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred revenue	\$ 331,274
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FUND BALANCE

	<u>177,022</u>
Total liabilities and fund balance	<u>\$ 508,296</u>

OCEOLA TOWNSHIP
SEWER DEBT SERVICE #2 FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Special assessments - principal	\$	\$ 113,205	\$
Special assessments - interest		8,885	
Interest		<u>7,552</u>	
Total revenues	<u>121,000</u>	<u>129,642</u>	<u>8,642</u>
EXPENDITURES			
Debt service			
Principal		152,513	
Interest		12,569	
Audit fees		<u>100</u>	
Total expenditures	<u>166,000</u>	<u>165,182</u>	<u>818</u>
Net change in fund balance	(45,000)	(35,540)	9,460
FUND BALANCE, JULY 1, 2007	<u>212,562</u>	<u>212,562</u>	
FUND BALANCE, JUNE 30, 2008	<u>\$ 167,562</u>	<u>\$ 177,022</u>	<u>\$ 9,460</u>

SEWER DEBT SERVICE
#1 A FUND

OCEOLA TOWNSHIP
SEWER DEBT SERVICE #1A FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents	\$ 239,297
Special assessment receivable	<u>165,350</u>
Total assets	<u>\$ 404,647</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred revenue	\$ 165,350
------------------	------------

FUND BALANCE

	<u>239,297</u>
Total liabilities and fund balance	<u>\$ 404,647</u>

OCEOLA TOWNSHIP
SEWER DEBT SERVICE #1A FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Special assessment - principal	\$	\$ 31,266	\$
Special assessment - interest		14,253	
Interest		9,532	
	<u>42,500</u>	<u>55,051</u>	<u>12,551</u>
Total revenues			
EXPENDITURES			
Debt service			
Principal		40,000	
Interest		20,593	
Agent fees		400	
Audit fees		100	
	<u>61,000</u>	<u>61,093</u>	<u>(93)</u>
Total expenditures			
Net change in fund balance	(18,500)	(6,042)	12,458
FUND BALANCE, JULY 1, 2007	<u>245,339</u>	<u>245,339</u>	
FUND BALANCE, JUNE 30, 2008	<u>\$ 226,839</u>	<u>\$ 239,297</u>	<u>\$ 12,458</u>

WATER DEBT SERVICE
#1 FUND

OCEOLA TOWNSHIP
WATER DEBT SERVICE #1 FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents	\$ 631,089
Special assessment receivable	<u>938,958</u>
Total assets	<u>\$ 1,570,047</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred revenue	\$ 938,958
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FUND BALANCE

	<u>631,089</u>
Total liabilities and fund balance	<u>\$ 1,570,047</u>

OCEOLA TOWNSHIP
WATER DEBT SERVICE #1 FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Special assessment - principal	\$	\$ 180,474	\$
Special assessment - interest		67,268	
Interest		25,104	
	<u>230,000</u>	<u>272,846</u>	<u>42,846</u>
Total revenues			
EXPENDITURES			
Debt service			
Principal		210,324	
Interest		105,114	
Agent fees		556	
Audit fees		100	
	<u>230,000</u>	<u>316,094</u>	<u>(86,094)</u>
Total expenditures			
Net change in fund balance		(43,248)	(43,248)
FUND BALANCE, JULY 1, 2007	<u>674,337</u>	<u>674,337</u>	
FUND BALANCE, JUNE 30, 2008	<u>\$ 674,337</u>	<u>\$ 631,089</u>	<u>\$ (43,248)</u>

THOMPSON LAKE
DEBT SERVICE
FUND

OCEOLA TOWNSHIP
THOMPSON LAKE DEBT SERVICE FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents	\$ 147,627
Special assessment receivable	<u>130,134</u>
Total assets	<u><u>\$ 277,761</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred revenue	130,134
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FUND BALANCE

	<u>147,627</u>
Total liabilities and fund balance	<u><u>\$ 277,761</u></u>

OCEOLA TOWNSHIP
THOMPSON LAKE DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Special assessment - principal	\$	\$ 20,636	\$
Special assessment - interest		9,006	
Interest		5,612	
Miscellaneous		175	
	<u>33,600</u>	<u>35,429</u>	<u>1,829</u>
Total revenues			
EXPENDITURES			
Debt service			
Principal		20,000	
Interest		11,773	
Audit fees		100	
	<u>28,000</u>	<u>31,873</u>	<u>(3,873)</u>
Total expenditures			
Net change in fund balance	5,600	3,556	(2,044)
FUND BALANCE, JULY 1, 2007	<u>144,071</u>	<u>144,071</u>	
FUND BALANCE, JUNE 30, 2008	<u>\$ 149,671</u>	<u>\$ 147,627</u>	<u>\$ (2,044)</u>

OAKCREST
DEBT SERVICE
FUND

OCEOLA TOWNSHIP
OAKCREST DEBT SERVICE FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents

\$ 75,150

FUND BALANCE

FUND BALANCE

\$ 75,150

OCEOLA TOWNSHIP
OAKCREST DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2008

REVENUES	
Interest	\$ 3,070
EXPENDITURES	
Debt service	
Agent fees	<u>175</u>
Total expenditures	2,895
FUND BALANCE, JULY 1, 2007	<u>72,255</u>
FUND BALANCE, JUNE 30, 2008	<u><u>\$ 75,150</u></u>

GOLF CLUB
DEBT SERVICE
FUND

OCEOLA TOWNSHIP
GOLF CLUB DEBT SERVICE FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents	\$ 81,728
Special assessment receivable	<u>322,468</u>
Total assets	<u>\$ 404,196</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred revenue	\$ 322,468
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FUND BALANCE

	<u>81,728</u>
Total liabilities and fund balance	<u>\$ 404,196</u>

OCEOLA TOWNSHIP
GOLF CLUB DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Special assessment - principal	\$	\$ 38,573	\$
Special assessment - interest		18,088	
Interest income		2,503	
	<u>48,000</u>	<u>59,164</u>	<u>11,164</u>
Total revenues			
EXPENDITURES			
Debt service			
Principal		30,000	
Interest		18,000	
Agent fees		275	
Audit fees		100	
	<u>42,000</u>	<u>48,375</u>	<u>(6,375)</u>
Total expenditures			
Net change in fund balance	6,000	10,789	4,789
FUND BALANCE, JULY 1, 2007	<u>70,939</u>	<u>70,939</u>	
FUND BALANCE, JUNE 30, 2008	<u>\$ 76,939</u>	<u>\$ 81,728</u>	<u>\$ 4,789</u>

PINERIDGE ROAD
DEBT SERVICE
FUND

OCEOLA TOWNSHIP
PINERIDGE ROAD DEBT SERVICE FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents	\$ 83,570
Special assessment receivable	<u>485,790</u>
Total assets	<u><u>\$ 569,360</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred revenue	\$ 485,790
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FUND BALANCE

	<u>83,570</u>
Total liabilities and fund balance	<u><u>\$ 569,360</u></u>

OCEOLA TOWNSHIP
PINERIDGE ROAD DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Special assessment - principal	\$	\$ 68,421	\$
Special assessment - interest		27,739	
Interest income		2,820	
	<u>90,000</u>	<u>98,980</u>	<u>8,980</u>
Total revenues			
EXPENDITURES			
Debt service			
Principal		65,000	
Interest		26,795	
Agent fees		275	
Audit fees		100	
	<u>98,000</u>	<u>92,170</u>	<u>5,830</u>
Total expenditures			
Net change in fund balance	(8,000)	6,810	14,810
FUND BALANCE, JULY 1, 2007	<u>76,760</u>	<u>76,760</u>	
FUND BALANCE, JUNE 30, 2008	<u>\$ 68,760</u>	<u>\$ 83,570</u>	<u>\$ 14,810</u>

M-59 / LATSON WATER AND SEWER
DEBT SERVICE
FUND

OCEOLA TOWNSHIP
M-59/LATSON WATER AND SEWER DEBT SERVICE FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash	\$ 794,568
Special assessment receivable	<u>6,875,400</u>
Total assets	<u><u>\$ 7,669,968</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred revenue	\$ 6,875,400
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FUND BALANCE

	<u>794,568</u>
Total liabilities and fund balance	<u><u>\$ 7,669,968</u></u>

OCEOLA TOWNSHIP
M-59/LATSON WATER AND SEWER DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Special assessment - principal	\$	\$ 509,100	\$
Special assessment - interest		406,168	
Interest income		23,289	
	<u>900,000</u>	<u>938,557</u>	<u>38,557</u>
Total revenues			
EXPENDITURES			
Debt service			
Principal		425,000	
Interest		282,550	
Agent fees		275	
Audit fees		100	
	<u>800,000</u>	<u>707,925</u>	<u>92,075</u>
Total expenditures			
Excess of revenues over (under) expenditures	100,000	230,632	130,632
OTHER FINANCING (USES)			
Transfers (out)		(143,664)	(143,664)
	<u>100,000</u>	<u>86,968</u>	<u>(13,032)</u>
Net change in fund balance			
FUND BALANCE, JULY 1, 2007	<u>707,600</u>	<u>707,600</u>	
FUND BALANCE, JUNE 30, 2008	<u>\$ 807,600</u>	<u>\$ 794,568</u>	<u>\$ (13,032)</u>

GENOA/OCEOLA SEWER PLANT EXPANSION
DEBT SERVICE
FUND

OCEOLA TOWNSHIP
GENOA/OCEOLA SEWER PLANT EXPANSION DEBT SERVICE FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and investments

\$ 2,000,546

FUND BALANCE

FUND BALANCE

\$ 2,000,546

OCEOLA TOWNSHIP
GENOA/OCEOLA SEWER PLANT EXPANSION DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2008

REVENUES		
Interest		\$ 40,593
EXPENDITURES		
Debt - G/O SWATH		
Principal	\$ 166,968	
Interest	<u>73,079</u>	
Total expenditures		<u>240,047</u>
Excess of revenues over (under) expenditures		(199,454)
OTHER FINANCING SOURCES		
Transfers in		<u>2,200,000</u>
Net change in fund balance		2,000,546
FUND BALANCE, JULY 1, 2007		<u> </u>
FUND BALANCE, JUNE 30, 2008		<u><u>\$ 2,000,546</u></u>

EAGER / LATSON WATER
CONSTRUCTION FUND

OCEOLA TOWNSHIP
EAGER/LATSON WATER CONSTRUCTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2008

REVENUES	
Interest	\$ 6,889
EXPENDITURES	<u> </u>
Excess of revenues over (under) expenditures	6,889
OTHER FINANCING SOURCES (USES)	
Transfers out	<u>(1,217,144)</u>
Net change in fund balance	(1,210,255)
FUND BALANCE, JULY 1, 2007	<u>1,210,255</u>
FUND BALANCE, JUNE 30, 2008	<u><u>\$</u></u>

SEWER NEW USER
FUND

OCEOLA TOWNSHIP
SEWER NEW USER FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents	\$ 766,799
Contracts receivable - residents	<u>28,394</u>
Total assets	<u><u>\$ 795,193</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred revenues	\$ 28,394
Due to other funds	<u>49,000</u>
Total liabilities	77,394

FUND BALANCE

	<u>717,799</u>
Total liabilities and fund balance	<u><u>\$ 795,193</u></u>

OCEOLA TOWNSHIP
SEWER NEW USER FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2008

REVENUES

Connection fees	\$ 217,000
Special assessment - principal	11,087
Special assessment - interest	1,934
Interest	38,639
Rent	<u>16,314</u>

Total revenues		\$ 284,974
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EXPENDITURES

Debt - G/O SWATH	
Interest	73,079
Audit fees	1,475
Construction costs	<u>105,700</u>

Total expenditures		<u>180,254</u>
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Excess of revenues over (under) expenditures		104,720
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OTHER FINANCING SOURCES (USES)

Transfers in	71,832
Transfers (out)	<u>(2,200,000)</u>

Total other financing sources (uses)		<u>(2,128,168)</u>
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Net change in fund balance		(2,023,448)
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FUND BALANCE, JULY 1, 2007		<u>2,741,247</u>
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FUND BALANCE, JUNE 30, 2008		<u><u>\$ 717,799</u></u>
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WATER NEW USER
FUND

OCEOLA TOWNSHIP
WATER NEW USER FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents	\$ 2,236,182
Contracts receivable - residents	420,319
Due from other funds	<u>49,000</u>
Total assets	<u>\$ 2,705,501</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 1,250
Due to other funds	29
Deferred revenues	<u>420,319</u>
Total liabilities	\$ 421,598

FUND BALANCE

	<u>2,283,903</u>
Total liabilities and fund balance	<u>\$ 2,705,501</u>

OCEOLA TOWNSHIP
WATER NEW USER FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2008

REVENUES

Connection fees	\$ 231,000	
Special assessment - principal	66,729	
Special assessment - interest	29,238	
Interest	41,426	
Refunds and reimbursements	<u>26,934</u>	
Total revenues		\$ 395,327

EXPENDITURES

Audit fees	2,125	
Maintenance and construction	24,565	
Administration fee	<u>29</u>	
Total expenditures		<u>26,719</u>

Excess of revenues over (under) expenditures	368,608
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OTHER FINANCING SOURCES

Transfers in	<u>1,288,976</u>
Net change in fund balance	1,657,584

FUND BALANCE, JULY 1, 2007	<u>626,319</u>
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FUND BALANCE, JUNE 30, 2008	<u><u>\$ 2,283,903</u></u>
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M-59 / LATSON WATER AND SEWER
CONSTRUCTION
FUND

OCEOLA TOWNSHIP
M-59/LATSON WATER AND SEWER CONSTRUCTION FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS
Cash

\$ 140,808

FUND BALANCE

FUND BALANCE

\$ 140,808

OCEOLA TOWNSHIP
M-59/LATSON WATER AND SEWER CONSTRUCTION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2008

REVENUES		
Interest		\$ 1,574
EXPENDITURES		
Project costs	\$ 199,264	
Audit	<u>500</u>	
Total expenditures		<u>199,764</u>
Net change in fund balance		(198,190)
FUND BALANCE, JULY 1, 2007		<u>338,998</u>
FUND BALANCE, JUNE 30, 2008		<u><u>\$ 140,808</u></u>

TRUST AND AGENCY
FUND

OCEOLA TOWNSHIP
TRUST AND AGENCY FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents	\$ 77,442
Due from others	<u>2,181</u>
Total assets	<u>\$ 79,623</u>

LIABILITIES

LIABILITIES

Due to others	<u>\$ 79,623</u>
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CURRENT
TAX
FUND

OCEOLA TOWNSHIP
CURRENT TAX FUND
BALANCE SHEET
JUNE 30, 2008

ASSETS

ASSETS

Cash and cash equivalents

\$ 327

LIABILITIES

LIABILITIES

Due to other funds

\$ 29

Due to others

298

Total liabilities

\$ 327



PFEFFER ■ HANNIFORD ■ PALKA
Certified Public Accountants

John M. Pfeffer, C.P.A.
Patrick M. Hanniford, C.P.A.
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October 20, 2008

Honorable Board of Trustees
Oceola Township
1577 North Latson
Howell, Michigan 48843

Dear Honorable Board of Trustees:

During our audit of Oceola Township we came across a few matters that we would like to discuss with you as part of our audit presentation for the year ending June 30, 2008.

The matters which we would like to discuss with you are as follows:

1. There is a new auditing standard (SAS #112) which we are required to follow as your auditing firm. This new standard relates to more formal communications by us to you regarding significant deficiencies in your internal controls and accounting procedures.

There are certain issues (deficiencies) which were previously considered general comments but under the new standard are now considered significant deficiencies.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity or detected by the entity's internal control.

We consider the following to be a material weakness of the Township.

- Journal entries were required during the audit to ensure the financial statement presentation was in conformity with generally accepted accounting principles. It should be noted that these journal entries were related to the full-accrual presentation of the government-wide statements (converting fund financial statements to full accrual statements).

We have previously discussed this matter with you and your response was as follows:

Response by Management

We understand that you must follow the aforementioned auditing standard to complete the audit in accordance with Generally Accepted Auditing Standards as applicable to the audit of the Township. However, we prefer that you as our auditing firm continue to make the applicable journal entries to convert the fund financial statements to full accrual statements as required by GASB 34. We believe the costs to circumvent this comment would outweigh the benefits to the Township.

Therefore, we completely understand the comment and request that Pfeffer, Hanniford & Palka, CPA's continue to make the conversion journal entries in the future.

Other Matters

1. Fringe Benefit Policy

As we discussed in the prior year Oceola Township administers its own fringe benefit policy. Once again, we spent a great deal of time auditing the reimbursements for medical charges and payroll in lieu of reimbursements.

The medical reimbursements and amounts paid as payroll in lieu of medical reimbursements to each eligible employee was not reconciled with the general ledger as of June 30, 2008. A reconciliation should be done each month to verify if the eligible individual has been underpaid or over paid.

In the prior year we recommended the Township use an outside party to administer the fringe benefits. We are once again making this recommendation.

2. Deferred Compensation

The accounting (withholdings and payments) for the deferred compensation plans was not reconciled through-out the year. The Township was unable to provide a schedule which backed-up the liability withholding account balances as of June 30, 2008. These accounts should balance out to zero (0) each month (i.e. withholdings should equal payments).

The Township should do a complete reconciliation for the past year to verify amounts withheld from each employee equals the amount paid to the administrator of the plan for the respective employee.

3. Conflict of Interest Policy

We noticed while reviewing the Township's policies and procedures there is no policy regarding "Conflicts of Interest". We suggest a policy on "Conflicts of Interest" be adopted by the Board. We believe this would help alleviate any future issues related to the perception of "Conflicts of Interest".

4. Interim Financial Reports

It does not appear the Board of Trustees is receiving a "Budget to Actual" financial report on a consistent basis. We suggest financial reports be distributed to the Board at least quarterly to review for budget amendments and to give the Board some type of "comfort level" of knowing the current financial status.

5. Budget Amendment

There was one budget amendment made during the year. The amendment did not tie back to the original budget. Any time amendments are made the amounts should tie back to the original approved budget.

6. Custodial Risk

The Township has significant amounts of cash and cash equivalents in two (2) financial institutions (over \$4 million in each). The Township should consider additional diversification of investing these monies.

We would like to thank the township officials and employees that assisted us during the audit process for their cooperation.

If you should have any questions, comments or concerns please do not hesitate to call us.

This report is intended solely for the information and use of the Board of Trustees and management of Oceola Township and is not intended to be and should not be used by anyone other than the specified parties.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants